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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tedford Housing
P.O. Box 958
Brunswick, Maine 04011

We have audited the accompanying financial statements of Tedford Housing (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

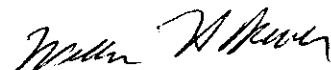
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tedford Housing as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

October 18, 2017

Bath, Maine



TEDFORD HOUSING
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash (Note B)	\$ 466,215	\$ 344,197
Accounts Receivable	129,146	139,097
Investments (Note C)	342,928	319,236
Prepaid Expenses	3,350	4,533
 Total Current Assets	 <u>\$ 941,639</u>	 <u>\$ 807,063</u>
PROPERTY, PLANT, AND EQUIPMENT (NOTE D):		
Land	\$ 117,428	\$ 117,428
Buildings	5,852,164	5,847,718
Furniture, Fixtures, and Equipment	30,288	30,288
Vehicles	8,239	8,239
Leasehold Improvements	73,209	73,209
 Total Property, Plant, and Equipment	 <u>\$ 6,081,328</u>	 <u>\$ 6,076,882</u>
Less: Accumulated Depreciation	1,371,967	1,219,848
Net Property, Plant, and Equipment	<u>\$ 4,709,361</u>	<u>\$ 4,857,034</u>
 Total Assets	 <u><u>\$ 5,651,000</u></u>	 <u><u>\$ 5,664,097</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Notes Payable - Current Portion (Note I)	\$ 15,468	\$ 15,468
Accounts Payable	3,605	6,208
Accrued Payroll and Taxes	49,171	65,934
Security Deposits	24,342	23,952
Deferred Revenue	105,584	57,976
 Total Current Liabilities	 <u>\$ 198,170</u>	 <u>\$ 169,538</u>
LONG-TERM LIABILITIES:		
Notes Payable - Net of Current Portion (Note I)	3,594,074	3,609,543
 Total Liabilities	 <u>\$ 3,792,244</u>	 <u>\$ 3,779,081</u>
NET ASSETS:		
Unrestricted	1,858,756	1,885,016
 Total Liabilities and Net Assets	 <u><u>\$ 5,651,000</u></u>	 <u><u>\$ 5,664,097</u></u>

TEDFORD HOUSING
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017 <u>TOTALS</u>	2016 <u>TOTALS</u>
UNRESTRICTED PUBLIC SUPPORT AND REVENUE:		
Contributions	\$ 387,687	\$ 316,967
State and Federal Grants	392,375	424,910
County and Municipal Support	11,205	10,105
United Way	80,076	81,362
Warm Thy Neighbor	36,994	37,573
ARC Contract	1,000	1,000
Interest and Dividends	7,246	5,369
Unrealized Appreciation	13,482	6,462
Rental Income (Note K)	308,651	304,608
Targeted Case Management	217,825	199,512
Supportive Housing	17,543	40,127
Total Unrestricted Public Support and Revenue	<u>\$ 1,474,084</u>	<u>\$ 1,427,995</u>
EXPENSES:		
Program Services:		
Tedford Housing	\$ 474,344	\$ 416,366
Homelessness Prevention	211,352	302,152
Total Program Services	<u>\$ 685,696</u>	<u>\$ 718,518</u>
Support Services:		
Management and General	\$ 204,983	\$ 195,213
Fund Raising	99,353	65,548
Supportive Housing	510,312	491,055
Total Support Services	<u>\$ 814,648</u>	<u>\$ 751,816</u>
Total Expenses	<u>\$ 1,500,344</u>	<u>\$ 1,470,334</u>
Change in Unrestricted Net Assets	<u>\$ (26,260)</u>	<u>\$ (42,339)</u>
Unrestricted Net Assets, July 1	1,885,016	1,927,355
Unrestricted Net Assets, June 30	<u>\$ 1,858,756</u>	<u>\$ 1,885,016</u>

TEDFORD HOUSING
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	TEDFORD HOUSING	HOMELESSNESS PREVENTION	MANAGEMENT AND GENERAL	SUPPORTIVE HOUSING	FUND RAISING	2017 TOTALS	2016 TOTALS
Payroll and Related Taxes	\$ 273,672	\$ 98,679	\$ 113,340	\$ 86,892	\$ 51,130	\$ 623,713	\$ 580,338
Employee Health Benefits	43,062	12,211	13,943	12,854	7,301	89,371	64,607
Food	3,603					3,603	3,682
Client Services	1,339	2,534	3,483	4,805		12,161	18,210
Security Deposits/MRRA Rent		48,684				48,684	110,096
Rent	9,888	8,889	6,740	272		25,789	25,829
Utilities and Telephone	37,486	29,721	8,723	84,879	501	161,310	163,394
Supplies	10,760	1,475	4,138	2,312	8,244	26,929	39,083
Insurance	2,099		5,653	33,533		41,285	40,452
Miscellaneous	13,760	7,441	16,659	25,275	2,100	65,235	60,944
Consultants	9,987	1,718	24,824	4,229	26,992	67,750	39,777
Maintenance and Repairs	34,023		2,614	142,673	3,085	182,395	172,075
Depreciation	34,665		4,866	112,588		152,119	151,847
Total Expenses	\$ 474,344	\$ 211,352	\$ 204,983	\$ 510,312	\$ 99,353	\$ 1,500,344	\$ 1,470,334

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in Net Assets	\$ (26,260)	\$ (42,339)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	152,119	151,847
Unrealized Appreciation	(13,482)	(6,462)
(Increase) Decrease in Accounts Receivable	9,951	(50,712)
(Increase) Decrease in Prepaid Expenses	1,182	(1,486)
Increase (Decrease) in Accounts Payable	(2,603)	(8,410)
Increase (Decrease) in Accrued Payroll and Taxes	(16,764)	(5,413)
Increase (Decrease) in Security Deposits	390	(1,556)
Increase (Decrease) in Deferred Revenue	47,608	31,428
Net Cash Provided by Operating Activities	<u>\$ 152,141</u>	<u>\$ 66,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant, and Equipment	\$ (4,446)	\$ (2,289)
Purchase of Investments	(12,883)	(7,252)
Proceeds from Investments	2,674	2,493
Net Cash Used in Investing Activities	<u>\$ (14,655)</u>	<u>\$ (7,048)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payment on Debt	\$ (15,468)	\$ (15,468)
Increase in Cash	<u>\$ 122,018</u>	<u>\$ 44,381</u>
Cash Balance, July 1	344,197	299,816
Cash Balance, June 30	<u>\$ 466,215</u>	<u>\$ 344,197</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	\$ -	\$ 17

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Nature of Activities

Tedford Housing, a nonprofit organization, located in Brunswick, Maine, is a multi-service social agency whose mission is to meet the basic needs of homeless people and help them become self-sufficient.

Tedford Housing maintains two shelters in Brunswick. Up to sixteen individuals can stay at 49 Cumberland Street, Brunswick and up to six families with children can stay in apartments located at 34 Federal Street in Brunswick.

Tedford Housing operates supportive housing at the following locations:

Evergreen Woods – Bath, Maine accommodates six families
Everett Street – Brunswick, Maine accommodates eight adults
Pleasant Street – Augusta, Maine accommodates two families
Gilbert Place – Bath, Maine accommodates five adults
Blake Street – Lewiston, Maine accommodates ten families
Pine Street – Auburn, Maine accommodates six adults

Tedford Housing is governed by a board of local volunteers.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets

Net assets whose uses by the Organization are subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted Net Assets

Net assets subject to donor-imposed restrictions that may be maintained permanently by the Organization.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated at zero dollars as of June 30, 2017.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Functional Allocation of Expenses

The costs of providing emergency shelter and other activities are summarized on the functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between Tedford Housing and supporting services benefited.

Investments

Investments with readily determinable fair values are reported at their fair values in the Statement of Financial Position. Investments are valued with quoted market prices for the most current reflected fair values. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of securities with original maturities of twelve months or less. Long-term investments consist of securities with original maturities greater than twelve months.

Land, Buildings, and Improvements

Land, buildings, and improvements are capitalized at amounts over \$1,000. Lesser amounts are expensed. Purchased land, buildings, and improvements are capitalized at cost. Donations of property, plant, and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless donor has proposed specific restrictions. Assets donated with proposed restrictions are reported as restricted contributions. Organization reports expirations of donor restrictions when restricted assets are placed in service. These assets are reclassified as unrestricted at that time. Property, plant, and equipment are depreciated using the straight line method over the estimated useful lives ranging from five to thirty years.

Deferred Revenue

Deferred Revenue results from grant money that has not been spent as of the balance sheet date. Revenue is recognized only to the extent expenses were incurred.

Donated Services and Materials

Donated food is reflected in the accompanying statements as contributions with a like amount included in food expense at its estimated market value at date of receipt. The value of donated services is not included in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers donate approximately 50 hours per week of direct services. Volunteers have also donated significant amounts of their time in board activities.

Tax Exemption

Tedford Housing is a not-for-profit organization and is exempt from income taxes under §501(c)(3) of the Internal Revenue Code.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE B - CASH AND CASH EQUIVALENTS:

The Organization's cash is categorized to give an indication of the level of risk assumed by the Organization at year-end. These categories are defined as follows:

Category #1 - Insured or collateralized with securities held by the Organization or by its agent in the Organization's name.

Category #2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

Category #3 - Uncollateralized (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Organization's name).

ACCOUNT TYPE	CARRYING AMOUNT	BANK BALANCE	CATEGORY		
			#1	#2	#3
Interest Bearing Accounts	\$ 466,215	\$ 473,779	\$ 473,779	\$	\$

NOTE C - INVESTMENTS:

The Organization's investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the Statements of Financial Position. Realized and unrealized gains and losses are included in the change in net assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches.

Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumption about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation on the observability of the inputs used in the valuation techniques the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Pricing inputs are quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs are observable for the assets or liabilities, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is derived principally from observable market data or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant judgment or estimation.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE C - INVESTMENTS (CONT'D):

The following tables summarizes the levels in the ASC 820-10 fair value hierarchy into which the Organization's financial instruments fall:

Investments at Fair Value as of June 30, 2017

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 70,088	\$	\$	\$ 70,088
Mutual Funds	18,351			18,351
Corporate Bonds	52,354			52,354
Common Stock	202,135			202,135
Total	\$ 342,928	\$	\$	\$ 342,928

Investments at Fair Value as of June 30, 2016

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 68,573	\$	\$	\$ 68,573
Mutual Funds	15,169			15,169
Corporate Bonds	50,502			50,502
Common Stock	184,992			184,992
Total	\$ 319,236	\$	\$	\$ 319,236

The following summarizes investment returns and their classification in the statement of activities for years ended:

	Year Ended June 30, 2017	Year Ended June 30, 2016
Interest and Dividends	\$ 6,775	\$ 5,369
Realized (Unrealized) Gains	13,482	6,503
Total Investment Return	\$ 20,257	\$ 11,872

The Organization's Investments as of June 30, 2017 and 2016 are stated at fair value. Shares of the investment account are valued at quoted market prices, which represent the net value of the shares held by the Organization at year end.

Investments as of June 30, 2017 consist of the Organization's:

	COST	FAIR VALUE	UNREALIZED APPRECIATION
Cash and Cash Equivalents	\$ 70,088	\$ 70,088	\$
Mutual Funds	17,796	18,351	555
Corporate Bonds	50,049	52,354	2,305
Common Stock	178,711	202,135	23,424
	\$ 316,644	\$ 342,928	\$ 26,284

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE C - INVESTMENTS (CONT'D):

Investments as of June 30, 2016 consist of the Organization's:

	COST	FAIR VALUE	UNREALIZED APPRECIATION
Cash and Cash Equivalents	\$ 68,573	\$ 68,573	\$
Mutual Funds	17,796	15,169	(2,627)
Corporate Bonds	50,049	50,502	453
Common Stock	171,920	184,992	13,072
	<u>\$ 308,338</u>	<u>\$ 319,236</u>	<u>\$ 10,898</u>

NOTE D - PROPERTY, PLANT, AND EQUIPMENT:

Activity in fixed asset accounts for the year ended June 30, 2017 is as follows:

	BALANCE JULY 1, 2016	ADDITIONS	DISPOSALS	BALANCE JUNE 30, 2017
Land	\$ 117,428	\$	\$	\$ 117,428
Buildings	5,847,718	4,446		5,852,164
Furniture, Fixtures, and Equipment	30,288			30,288
Vehicles	8,239			8,239
Leasehold Improvements	73,209			73,209
Total Fixed Assets	<u>\$ 6,076,882</u>	<u>\$ 4,446</u>	<u>\$</u>	<u>\$ 6,081,328</u>
Accumulated Depreciation	(1,219,848)	(152,119)		(1,371,967)
Fixed Assets Net of Accumulated Depreciation	<u>\$ 4,857,034</u>	<u>\$ (147,673)</u>	<u>\$</u>	<u>\$ 4,709,361</u>

NOTE E - DONATED MATERIALS:

The value of donated food, which is included as revenue and expense in the financial statements, is \$18,000 for the year ended June 30, 2017. The organization also received donations of supplies for the year ended June 30, 2017 totaling \$8,000. In 2016 the value of the donated food was \$18,000 and the donated supplies were valued at \$8,000.

NOTE F - GRANTS:

State and Federal Grants include:

	2017	2016
Emergency Shelter Housing Assistance Payments - Operations	\$ 105,890	\$ 141,574
Emergency Shelter Housing Assistance Payments - Stabilization	120,662	
Emergency Shelter Housing Assistance Payments - Performance	48,743	
Midcoast Regional Redevelopment Authority	105,971	160,043
Maine State Housing Authority - Emergency Shelter Grant Program (ESG)		113,117
Maine Community Development Block Grant	11,109	10,176
State and Federal Grants - Total	<u>\$ 392,375</u>	<u>\$ 424,910</u>

The Organization records income from grants in the period when it has incurred expenditures in compliance with the restrictions of the grantor.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE G - EMPLOYEE RETIREMENT BENEFITS:

Tedford Housing offers a Simple IRA with an employer-match to all employees after one year of continuous employment, provided that the Organization has sufficient resources. Employees may elect to have one, two, or three percent of wages matched by Tedford Housing towards the Simple IRA Retirement Savings Plan. The Plan is managed by American Funds. During the fiscal year ending June 30, 2017 employee contributions totaled \$22,093 and employer contributions totaled \$15,261. During the fiscal year ending June 30, 2016 employee contributions totaled \$14,578 and employer contributions totaled \$7,987.

NOTE H - RENT:

The Organization leases the land and building located at 34 Federal Street under a ten year operating lease. The current lease term expired on June 30, 2014 and was extended on a year to year basis. Annual rent is subject to change provided notice is given thirty days prior to each lease anniversary date. The rental rate for the 2017/2018 fiscal year is \$9,888. The rental rate for the 2016/2017 fiscal year was \$9,939.

The Organization also rents office space in Brunswick at a rental rate of \$9,972 annually. The remaining rent paid of \$6,740 was for client assisted rents in supported housing units. In 2016 the Organization paid \$6,290 for client assisted rents in supported housing units.

NOTE I - NOTES PAYABLE:

Notes payable as of June 30, 2017 consists of the following:

CREDITOR	INTEREST RATE	TYPE	SECURITY	TOTAL	SHORT-TERM	LONG-TERM
Maine State Housing Authority - Gilbert Place	0%	Mortgage	Land & Building	\$ 290,000	\$ 5,000	\$ 285,000
City of Bath - Evergreen Woods	0%	Mortgage	Land & Building	50,000		50,000
Maine State Housing Authority - Evergreen Woods	0%	Mortgage	Land & Building	599,497		599,497
Maine State Housing Authority - Everett Apartments	0%	Mortgage	Land & Building	540,531	5,055	535,476
Maine State Housing Authority - 114 Blake Street	0%	Mortgage	Land & Building	1,534,099		1,534,099
Maine State Housing Authority - 22 Pine Street	0%	Mortgage	Land & Building	372,564		372,564
Maine State Housing Authority - 19 Pleasant Street	0%	Mortgage	Land & Building	102,852	5,413	97,439
City of Auburn - 22 Pine Street	0%	Mortgage	Land & Building	120,000		120,000
Bath Savings Institution	4.25%	Line of Credit	Land & Building			
				<u>\$ 3,609,543</u>	<u>\$ 15,468</u>	<u>\$ 3,594,075</u>

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I - NOTES PAYABLE (CONT'D):

Estimated principal and interest payments for the next five years and thereafter are as follows:

	PRINCIPAL	INTEREST	TOTAL
2018	\$ 15,468	\$	\$ 15,468
2019	15,468		15,468
2020	594,213		594,213
2021	15,468		15,468
2022	15,468		15,468
Thereafter	2,953,458		2,953,458
Total	<u>\$ 3,609,543</u>	<u>\$</u>	<u>\$ 3,609,543</u>

Maine State Housing Authority - Gilbert Place, Bath, Maine

In February 2005 Tedford Housing obtained a deferred loan and a forgivable loan from Maine State Housing Authority for the purchase and renovations of 500 Middle Street, Bath, Maine. The deferred loan of \$150,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or February 27, 2035.

The forgivable loan of \$250,000 is financed at 0% for 30 years. The loan will be forgiven as follows:

Twenty percent (20%) of the original principal balance was forgiven on the date that the mortgage was duly recorded in the Sagadahoc County Registry of Deeds. Forty percent (40%) of the original principal balance shall be forgiven 15 years from the date of the note. The remaining 40% of the original principal balance shall be forgiven 30 years from the date of the note.

City of Bath - Evergreen Woods, Bath, Maine

The deferred loan of \$50,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or February 17, 2035.

Maine State Housing Authority - Evergreen Woods, Bath, Maine

The forgivable loan of \$346,073 is financed at 0% for 30 years. The loan will be forgiven as follows:

Fifty percent (50%) of the original principal balance is forgiven at the end of 15 years from the time of execution of the permanent mortgage documents, and the remaining fifty percent (50%) of the original principal balance shall be forgiven 30 years from the time of execution of the permanent mortgage documents.

In September 2006 Tedford Housing obtained a deferred loan from Maine State Housing Authority for the acquisition and construction of property located on Edgett Street, Bath, Maine. The deferred loan of \$100,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or September 28, 2036.

The forgivable loan of \$180,000 is financed at 0% for 30 years. The loan will be forgiven as follows:

Twenty percent (20%) of the original principal balance was forgiven on the date of execution of the note. Forty percent (40%) of the original principal balance shall be forgiven 15 years following execution. The remaining forty percent (40%) of the original principal balance shall be forgiven 30 years following execution.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I - NOTES PAYABLE (CONT'D):

Maine State Housing Authority - Evergreen Woods, Bath, Maine (Cont'd)

The forgivable loan of \$103,329 is financed at 0% for 30 years. The loan will be forgiven as follows:

Twenty percent (20%) of the original principal balance was forgiven on the date of execution of the note. Forty percent (40%) of the original principal balance shall be forgiven 15 years following execution. The remaining forty percent (40%) of the original principal balance shall be forgiven 30 years following execution.

Maine State Housing Authority - Everett Apartments, Brunswick, Maine:

The forgivable loan of \$619,900 is financed at 0% for 30 years. The loan will be forgiven as follows:

Twenty percent (20%) of the forgivable note of \$98,342 was forgiven at closing of the loan October 17, 2006. Forty percent (40%) of the \$98,342 is forgiven at 15 years from the original date of the note with the remaining forty percent (40%) forgiven 30 years from the date of the note.

The deferred portion of the note, \$151,657 will be due 30 years from the date of the loan closing.

The remaining \$369,901 of the forgivable note is forgiven in the following order: Fifty percent (50%) of the note is forgiven 15 years from the execution of the permanent mortgage and the remaining fifty percent (50%) will be forgiven 30 years from the time of execution of the permanent mortgage documents.

Maine State Housing Authority - 114 Blake Street, Lewiston, Maine

The deferred loan of \$880,620 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or July 8, 2040.

The deferred loan of \$260,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or December 23, 2039.

The deferred loan of \$393,479 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or December 23, 2039.

Maine State Housing Authority - 22 Pine Street, Auburn, Maine

The deferred loan of \$372,564 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or March 3, 2041.

Maine State Housing Authority - 19 Pleasant Street, Augusta, Maine

The deferred loan of \$162,398 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or November 28, 2037.

City of Auburn - 22 Pine Street, Auburn, Maine

The deferred loan of \$120,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or March 3, 2041.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I - NOTES PAYABLE (CONT'D):

Bath Savings Institution - Line of Credit

Tedford Housing was approved for a Working Capital Line of Credit in the amount of \$50,000 to provide funds for short term cash flow needs. Interest rate shall be adjusted daily based on Prime. The term of the loan shall be twelve months, renewed annually, with monthly interest payments and principal and unpaid interest due at maturity. Security for this loan shall be a valid first mortgage, assignment of rents, and UCC-1 financing statement on real estate known as 49 Cumberland Street Brunswick, Maine.

NOTE J - FRIENDS OF TEDFORD HOUSING:

The Friends of Tedford Housing raises money to assist in the purchase of equipment and supplies for operation of the shelter. The balance of their checking and savings accounts combined was \$2,835 at June 30, 2017. The balance was \$2,835 at June 30, 2016.

NOTE K - RENTAL INCOME:

For fiscal year ended June 30, 2017 rental income was \$308,651 for the supportive housing program. For fiscal year ended June 30, 2016 rental income was \$307,606.

NOTE L - CONTRACTS:

On October 29, 2008 Tedford Housing entered into a contract with the Midcoast Regional Redevelopment Authority to provide services for homeless families in the Brunswick Naval Air Station redevelopment area. As part of the contract \$686,605 in funds (conveyance proceeds) will be held in trust for Tedford Housing to utilize for homeless programs. During fiscal year 2017, \$105,971 in funds were withdrawn for use in providing services for homeless families in the Brunswick Naval Air Station redevelopment area. For fiscal year 2016, \$160,043 in funds were withdrawn.

On January 1, 2012 Tedford Housing entered into a contract with LaBrecque Property Management LLC to manage their properties. LaBrecque Property Management LLC manages all properties (Franklin Apartments in Auburn, Pleasant Street in Augusta, Blake Street in Lewiston, Pine Street in Auburn, Everett Street in Brunswick, Gilbert Place in Bath, and Evergreen Woods in Bath) at a cost of \$85 per unit per month. Contracts are for one year and are renewed annually.

NOTE M - HOUSING ASSISTANCE CONTRACT:

On April 25, 2008 Tedford Housing entered into a housing assistance payment contract with the Department of Housing & Urban Development. This contract covers the rental assistance for 2 units at the 19 Pleasant Street, Augusta property. This contract expires April 25, 2018.

TEDFORD HOUSING
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NOTE N - INCOME TAXES:

The Organization is exempt from income taxes on related business income under Section 501(c)(3) of the Internal Revenue Code.

Tax-exempt organizations could incur income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense.

NOTE O - SUBSEQUENT EVENTS:

As of October 18, 2017, the date the financial statements were available to be issued, management has reviewed events after June 30, 2017 and determined there were no material events requiring disclosure.